

CAPITAL BUDGET MEETING

of the

PUBLIC WORKS and PUBLIC TRANSPORTATION COMMITTEE

The Public Works and Public Transportation Capital Budget Meeting was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Smithtown, New York, on Tuesday May 23, 2006 at 9:30 a.m.

MEMBERS PRESENT:

Legislator Jay Schneiderman
Legislator Wayne Horsley
Legislator Kate Browning
Legislator Louis D'Amaro
Legislator William Lindsay

ALSO IN ATTENDANCE:

Mea Knapp • Counsel to the Legislature

Jim Spero • Director of Budget Review Office
Charles Bartha • Commissioner • DPW.
Richard LaValle • Chief Deputy Commissioner
Leslie Mitchel • Deputy Commissioner • DPW
Ben Wright • Sanitation Division • DPW
Renee Ortiz • Chief Deputy Clerk of the Legislature
Joe Muncey • Budget Review Office
Ben Zwirn • County Executive's Office
Bill Hillman • Department of Public Works
Terry Pearsall • Chief of Staff • SC Legislature
Barbara LoMoriello • Deputy Chief of Staff • SC Legislature
Linda Bay • Aide to Minority Leader

MINUTES TAKEN BY:

Donna Catalano • Court Stenographer

(* THE MEETING WAS CALLED TO ORDER AT 9:45 A.M. *)

CHAIRMAN SCHNEIDERMAN:

Good morning. I'd like to call this public hearing on the Capital Budget for Public Works and Transportation to order. If you all will rise and join us for the Pledge of Allegiance led by our Presiding Officer William Lindsay.

SALUTATION

CHAIRMAN SCHNEIDERMAN:

Are we having any budgetary presentations? I don't see any affirming nods, so why don't we move right to comments. Do we have any cards? I should ask, was the hearing properly noticed?

MR. LAUBE:

Yes.

CHAIRMAN SCHNEIDERMAN:

The Clerk is nodding. Everything is in proper order. Is there anyone who wishes to be heard on the Public Works Capital Budget or Transportation Capital budget? Boy, this could be the shortest hearing in history here. No one? Going once, going twice. We are adjourned. Is there more?

LEG. ROMAINÉ:

Maybe some people with questions.

CHAIRMAN SCHNEIDERMAN:

Okay. We will take questions then for BRO from the Legislators. We'll start with Legislator Romaine.

LEG. ROMAINÉ:

My questions deal with •• very quick. My questions deal with the amount of money that's dedicated to the dredging of County waterways, interface dredging. And I'm also concerned, and I see Mr. Hillman here who is the Chief Engineer or Mr. Bartha or Mr. LaValle, maybe one or all could come up to address some questions on dredging.

CHAIRMAN SCHNEIDERMAN:

You thought you were getting off easy.

COMMISSIONER BARTHA:

I was already heading for the door.

CHAIRMAN SCHNEIDERMAN:

Me too, and I drove from Montauk.

LEG. ROMAINÉ:

I'll get you out of here in less than five minutes. It's really a quick question. First of all, I remember when I was a Legislator •• unfortunately, I don't have too many ••

P.O. LINDSAY:

You are now.

LEG. ROMAINE:

I know that. But 20 years ago, we had two dredges in the County. How many dredges does the County currently own?

COMMISSIONER BARTHA:

We have one dredge now.

LEG. ROMAINE:

Okay. And we have •• and the work that that one dredge can't accomplish because of either volume or the capacity of the dredge or whatever, is that done by private contractors?

COMMISSIONER BARTHA:

Correct. We contract out.

LEG. ROMAINE:

And how many people have bid on these contracts over the last few years?

COMMISSIONER BARTHA:

Between one and two firms bid on the work.

LEG. ROMAINE:

And how many have bid in the last two years on these contracts?

COMMISSIONER BARTHA:

Well, there's a local firm and a firm from Indiana that now had bid this year.

LEG. ROMAINE:

Okay. Now, my understanding is that approximately a million dollars, \$1.1 million is set aside for dredging County waterways, is that more or less correct? Maybe Gail can answer that. How much money was set aside in the 2006 Capital Budget for dredging?

MS. VIZZINI:

We'll get that for you. The 2006 adopted included a million•one.

LEG. ROMAINE:

A million•one. How much is the County Executive recommending for 2007?

MS. VIZZINI:

Six•ten.

LEG. ROMAINE:

So almost a 50% cut. Could you comment on the amount •• is the 610 •• would occur to dredging projects already in the pipeline or waiting to be in the pipeline if the County Executive's budget was implemented?

MS. VIZZINI:

It will take us a minute to get that.

LEG. ROMAINE:

While we're waiting, the one contractor that has the bid right now currently, what is the name of that contractor?

COMMISSIONER BARTHA:

There was a specific project most recently bid, and that was New Born Construction.

LEG. ROMAINE:

Now, is the contractor still capable of doing County work?

COMMISSIONER BARTHA:

Yes. The contractor is able to do County work, yes.

LEG. ROMAINE:

And it's not prevented by any regulation, because I was under •• Mr. Hillman had left the impression in my mind at a dredge summit meeting in April out at Shelter Island that the contractor might be debarred, is that the case.

COMMISSIONER BARTHA:

The answer to that is no.

LEG. ROMAINE:

Okay.

COMMISSIONER BARTHA:

I can give you some background.

LEG. ROMAINE:

No. That's fine. Because that gives me idea of how much we have available, who we have available to do these dredging projects that are backing up all over the County.

P.O. LINDSAY:

Could I just intervene for a minute?

LEG. ROMAINE:

Sure.

P.O. LINDSAY:

Charlie, why can't we get other companies to bid on this? Is it that they don't exist or they don't want to come out here, what?

COMMISSIONER BARTHA:

It's that the size of the work is really not enough work to •• for firms to bring they're dredging equipment here. We bid a large job last year where we had no respondents, where it required an ocean•going dredge, we had no respondents. There was a lot of work going on in the south.

You can see •• this one project we bid three times this year, the project Legislator Romaine was speaking of. And this firm from Indiana was the low bidder. There was some issues with respect to apprentice training with them, and we rebid it twice and the price dropped drastically. But the lack of competition locally will probably draw dredging firms from the New England area down, because, you know, the price will be able to be •• it will be so high.

On the issue of debarment, just to follow up on that a little bit, one of the principals in New Born Construction is one of the people that were indicted, not convicted, but indicted. While we are not using that firm to do any asphalt work, since they are the only show in town on dredging right now, we

will continue to use them on that particular project. Once that trial is resolved, I am not sure what the situation will be at that point with respect to having a dredging contractor.

LEG. ROMAINE:

If I can proceed while Gail is getting those numbers, the fact is that the cut on dredging, particularly on, you know, Legislator Schneiderman's district, my district, and anyone along the South and North Shore of this County is going to be impacted, because when you cut the amount of dredging in half, it has to have a tremendous impact on dredging projects in the pipeline backing them up further and further. And my basic concern is that the marine industry is, I'm told, a multi-billion dollar industry on the Island and probably that in Suffolk County alone and that with our waterways shoaling up, particularly interface dredging that is needed, and with some of these waterways becoming unhealthy because of the lack of tidal flow that this •• you know, this cut in dredging funding is going to impact many that make their living from the marine industry. I'm still waiting for Gail.

CHAIRMAN SCHNEIDERMAN:

Maybe I could jump in on that. What was the number you said you had in the dredging budget, Charlie, for next year, it's about 600,000 or even for this year?

COMMISSIONER BARTHA:

Six.

CHAIRMAN SCHNEIDERMAN:

And what is does it typically cost to do a dredging project? It's got to be •• one project has to be •• eat up that whole budget.

COMMISSIONER BARTHA:

It depends on the location, and not •• each project, of course, is not done every year. We have a schedule that goes out about three years that's consistent with the Capital Program. Bill can speak as to what impact that will have on what's scheduled.

CHAIRMAN SCHNEIDERMAN:

We have to •• we can only •• we can only dredge what we can afford to dredge, right, in the budget? So everything else gets put on hold.

MR. HILLMAN:

That's correct. If we cannot dredge it with the County dredge, if we need to go out to contract, we are limited by whatever funds are available to us.

CHAIRMAN SCHNEIDERMAN:

Okay. Are we limited in terms of the County dredge how many projects can be done?

COMMISSIONER BARTHA:

Yes.

CHAIRMAN SCHNEIDERMAN:

Do we have a budget on that?

COMMISSIONER BARTHA:

There's not so much a budget. It's simply a time matter to get to the different locations. It's also the permit situation. It takes a staff effort to get permits.

CHAIRMAN SCHNEIDERMAN:

Right. I know, because I've been working with Bill on an inlet in my district, and I have to live with the reality that it's going to be three years •• if it gets done it will be at least three years from now. That's a long time for a navigational inlet to have to wait.

You know, maybe part of the problem is the way we think about dredging, you know, the high cost of mobilization and the high volumes. It would be great to see a program that's more oriented towards smaller volumes more frequently so you didn't have to have giant spoil sites and giant mobilization costs, but that would really •• we'd have to change the way we approach dredging to •• maybe through a generic environmental impact statement and a ten year permit •• open permit where we can have a small crew go in there and pump some of the sand. That's just a thought. You don't really have to answer it. It just seems to me that the large dredging mobilization really

makes it very difficult to do •• to keep up with the County's inlets.

LEG. ROMAINE:

Mr. Chairman, if I can comment on that. You make an excellent point. The problem with the dredging is 20 years ago we had two dredges and we were capable of handling •• one would handle smaller projects, one would handle larger projects. And what we did at that time is we had a maintenance schedule. We don't have a maintenance schedule now to speak of, because things are keeping being pushed back, pushed back, pushed back, pushed back. And you go out and you talk to people that live along the waterways and some of them will tell you, well, my creek hasn't been dredged in 30 years. And the reason for that is we keep pushing back funding, and the bottom line is then when we have to dredge it becomes a major project.

And you make an excellent point. Had we done maintenance dredging every two or three years for some of these creeks, we would be in much better shape, our marine industry would be in much better shape. And one of the things I should ask Mr. Hillman •• I mean, there are probably two things that this Legislature might want to consider. One is the possible purchase of a second dredge, which would make a lot of sense. And the second and by far extremely important is a booster pump, because right now, with the type of dredging that we have, we have a limited amount of where we can put the spoils. A booster pump will allow us to pump it further, and therefore, have greater variety of sites for spoil sites. I mean, I think we should consider putting in the Capital Budget at least a booster pump and possibly a second dredge.

Now, I've asked Mr. Bartha, and I've introduced a resolution, although I'm about to withdraw it or amend it because we're concerned about the cost figures. And my aide is working on it now. When it comes up we're going table it until we get more exact cost figures.

CHAIRMAN SCHNEIDERMAN:

Do we have a place to put second dredge?

LEG. ROMAINE:

Well, that's another discussion that we need to have, because I think that

dredging •• and it's becoming more and more difficult between the Piping Plovers and the winter flounder, our window of opportunity for dredging is extremely limited. And I think your suggestion of an overall global environmental impact statement that would allow us ten years of permits for limited maintenance dredging for many of the creeks would prevent these large capital projects coming up. So you do one dredge project, you use up half a million dollars. The County Executive is only recommending 610,000. Last year we spent 1.1 million. I can tell you right now, I know Legislator Browning is probably hoping at some point someone addresses Forge River. There's no money to address Forge River. There is no money. That will be years down the pike.

CHAIRMAN SCHNEIDERMAN:

Let's move on a little bit, because this really is a public hearing, and we have lots of opportunities to approach the Commissioner and others.

MS. VIZZINI:

Mr. Chairman, just for your information, according to the report there's 1.4 million in the pipeline available appropriations. And there is a booster pump discussed in Project 5201, but in subsequent years for \$300.

CHAIRMAN SCHNEIDERMAN:

All right. Commissioner, did you want to comment on the need for additional dredge or booster pump? Is that something we should be trying to amend this budget to include?

COMMISSIONER BARTHA:

We certainly would increase the amount of projects we could do if we had a booster pump, but we need staff along with a booster pump in order to use it effectively.

CHAIRMAN SCHNEIDERMAN:

So you would have to amend the Operating Budget as well?

COMMISSIONER BARTHA:

Yes.

CHAIRMAN SCHNEIDERMAN:

A booster pump •• you didn't mention anything about a second dredge. First of all, how much would a booster pump cost?

COMMISSIONER BARTHA:

About \$300,000.

CHAIRMAN SCHNEIDERMAN:

And that would make a significant difference in your dredging operations?

COMMISSIONER BARTHA:

Yes, it would us the capability of doing, as Legislator Romaine said, to pump more further away disposal areas.

CHAIRMAN SCHNEIDERMAN:

So you can maybe get it on the beaches that are eroding that need the sand?

COMMISSIONER BARTHA:

Provided the DEC agrees.

CHAIRMAN SCHNEIDERMAN:

Okay. And that seems like money well spent then. And the second dredge, did you have •• is it money or you don't have a place to keep it or the crew to staff it?

COMMISSIONER BARTHA:

It's really a budgetary issue. We could store it over the summer and we could put it to good use in the winter. Obviously staffing would go with that as well.

CHAIRMAN SCHNEIDERMAN:

What's the dollars?

COMMISSIONER BARTHA:

It depends on what size dredge we're talking about. I think we had put

together some figures on •• what size dredge was that?

MR. HILLMAN:

Twelve or fourteen.

COMMISSIONER BARTHA:

It's a larger dredge than we have now. And the total •• the total cost was approximately \$5 million for the dredge as well as the annual cost for staffing rolled into that.

CHAIRMAN SCHNEIDERMAN:

Do we come out ahead or behind if we just used private companies to do that additional dredging? It's about even?

COMMISSIONER BARTHA:

It's a very difficult analysis to make with dredging, because there's some projects that are done very rarely, whereas there's others along the Peconic Bay that we do almost every year. Recently we did Mount Sinai, and that's not something that's done very frequently.

CHAIRMAN SCHNEIDERMAN:

Could you trade in the one you have in exchange for the larger dredge? Have you looked at that?

COMMISSIONER BARTHA:

I don't think •• the mobility of the small dredge is important to us in a lot of those areas off the bay •• Peconic Bay. You know, getting into larger dredging projects also requires a lot of skill. I mean, one of the problems with the •• both the Stony Brook dredging and the Mount Sinai dredging that went on late last year and early this year is securing the dredge where the water was really moving quite rapidly. Frankly, I'd be a little concerned with us getting involved in some of that type of dredging. So there's always going to be a need to do some contracting out.

CHAIRMAN SCHNEIDERMAN:

Okay. I think we should push for the booster pump.

LEG. ROMAINE:

I think we should too. And I see Mr. Zwirn in the audience. I'd be more than happy to discuss dredging and its impact on the marine industry, which, as I said, is a multi-billion dollar industry in Suffolk County with the County Executive and maybe convince him that his cut of dredging might be detrimental to the marine industry as well as the health of many of the creeks that we dredge for interface dredging for tidal flow. So that's a discussion I'm more than willing to have with the County Executive on something that we should really engage in. Thank you.

CHAIRMAN SCHNEIDERMAN:

Let's move along here. I'd like to give Gail Vizzini an opportunity to present a little bit •• they did a very thorough report as I'm sure you all have regarding the entire Capital Budget, the changes and their analysis of this budget. And just pertaining to the Department of Public Works and Transportation, if Gail could take a few minutes to take us through some of the changes and what their feelings are about it •• their recommendations, I should say.

MS. VIZZINI:

Thank you, Mr. Chairman. I just want to highlight a few areas of the report pertaining to Public Works. First, in the area of buildings, our concern is that the energy project, Capital Project 1664, energy conservation, is \$1.4 million less than it was last year. We are recommending to the Legislature that you consider at least in excess of a million dollars additional or more in each year of the program for an energy fund to address the •• and counter balance the value of engineering that we sometimes do in such major projects as the jail, the Riverhead County Center and the Fourth Precinct, which is ahead of us.

We would also recommend that there be consideration given to the fact that since we are moving forward on the Fourth Precinct, funds should be available to renovate the space that will be vacated when the police move into their new building, and we hope that would be within the five year time frame of this Capital Program. Those of you who ride around the different complexes in Yaphank and Hauppauge see that many of our buildings are less than optimal, and we •• Budget Review has a concern regarding our infrastructure, in particular the buildings that Public Works operates out of. We would like you to consider their request for an O&M facility. It's basically

\$6.5 million that you may want to consider putting in in subsequent years.

Probably one of the largest issues in this Capital Program is the sanitation area, in particular there are six projects progressing at the Southwest Sewer District. The largest is a decision that you will have to make regarding the replacement of the incinerators there. There's \$46 million in the 2006 adopted Capital Program for that purpose. And due to the costs projected out to the mid point of construction in 2008, there's a \$14 million cost escalation. So the total project at this point is in need of about \$61 million. You have several alternatives available to you. The County Executive would prefer to privatize the entire process and has indicated in his Capital Program that he would use the \$46 million in 2006 for other cost escalations. That's a major policy decision ahead of you.

Budget Review also makes about \$9 million in recommendations as far as various highway projects that were not included or not funded in 2007 as they were requested, and then additional monies in the later years for that same purposes. I would like to underscore your attention regarding the strengthening and improving of County roads. There is only \$200,000 left in available appropriations for that project, but there is \$10.5 million in the 2006 Capital Program. Although there is litigation regarding the contractors in this avenue, if that 10.5 million is not appropriated in 2006, it will disappear.

The Budget Review Office has also revamped our capital ranking form. Each project gets a score, and we feel we have presented an enhanced capital ranking form that weighs and adds more accountability to planning and fiscal accountability. So if you would take a look at the form and embrace the improved form, I think it will improve the Capital Program process.

And the other thing I wanted to bring to your attention is that in the County Executive's narrative there is a discussion of reforming the Capital Program process, which is tantamount to encouraging improved cost estimates. It will have certainly an impact on the Department of Public Works, and it somewhat centralizes responsibility for cost, scope and phasing of Capital Projects between Public Works and the County Executive's Office. The Legislature's role in this is not exactly clearly defined, but in our report, we

lay out a chart for you that talks about this. And I believe it is the intent of the County executive to address all these things by Executive Order.

CHAIRMAN SCHNEIDERMAN:

We have questions. I'll start from my left here. Legislator D'Amaro.

LEG. D'AMARO:

Thank you. Gail, I had a question. I want to go back to Page 42 in your BRO report where you started out talking about energy. And the report is excellent in pointing out the fact that we really don't have much control, if any, over the rising cost of energy and what's happening globally and how it impacts us here in Suffolk County. But the report on Page 43 concludes in the energy section that the County's current policy is penny wise and dollar foolish. And above that, it makes several recommendations, one of which you call an extraordinary projects fund. You also recommend some additional training for maintenance, for energy equipment within buildings and also some more staffing. But could you explain the extraordinary project fund and how that would work?

MS. VIZZINI:

The extraordinary project fund is for projects such as the jail. The examples that we give are the jail, the Riverhead County Center and the police precincts, because they are in the forefront and we are moving forward on them. Regrettably, the County sometimes in order to stay within the budget constraints, we will include some energy efficiencies, but we will also value engineer to stay within the parameters of the particular project cost estimates. This extraordinary project fund would allow us to do some energy efficient things that may not have the dollar amount included in the particular project itself.

LEG. D'AMARO:

Well, I guess my question is if we were to consider or implement the recommendations of BRO, one thing I don't see in the report, especially in this section is what is the projected savings? You know, it's one thing to say that, you know, we need a policy that isn't penny wise and dollar foolish, in other words, we need a long term strategy when it comes to energy. And I know that also part of the BRO report talks about a demand side energy

management program. Because we can't control the supply side, obviously we need to look at the County demand for energy. So if we took all of these recommendations and implemented them, how does that impact the Capital Budget and then ultimately the Operating Budget? Are there specific percentages, or are there dollar amounts? How do we know that we're getting the most bang for our buck if we go ahead and spend extra funds on these recommendations?

MS. VIZZINI:

If we could encourage a 5% reduction in energy use, we would save a million dollars. Basically, in 2005 the County expended almost \$22 million in energy costs alone. So for each 5% that we're able to reduce our consumption, you have an immediate savings of a million dollars and you also have a reduction in consumption, which we're just so dependent. And we also encourage the development of alternative sources of energy as well. I don't know if you want to take the savings and dedicate for that purpose, but the savings would be there if we make the commitment.

LEG. D'AMARO:

So the savings •• in other words, the projected or targeted savings of these recommendations would be a 5% reduction in energy demand by the County, is that a fair statement?

MS. VIZZINI:

We would encourage that the County be even more aggressive than the 5%, but we would like to see the County moving in that direction.

LEG. D'AMARO:

Thank you.

CHAIRMAN SCHNEIDERMAN:

Legislator Horsley.

LEG. HORSLEY:

Yes. Good morning, Gail.

CHAIRMAN SCHNEIDERMAN:

Let me guess, incineration?

LEG. HORSLEY:

How did you know? Can I bring you back to your comments concerning the incinerator, the Southwest Sewer District's incinerator? Originally you were discussing that there was \$46 million in the '06 budget; is that correct? My understanding is that at the end of this year if that is not reallocated that that would have to be •• that would expire; is that correct?

MS. VIZZINI:

If it's not appropriated, it will expire unless it is used as an offset for other projects.

LEG. HORSLEY:

Now, it is my understanding from our conversations that the \$46 million that is presently in the budget in '06, that there have been already offsets placed against that \$46 million.

MS. VIZZINI:

It's hard to tell, but the way the 2006 modified budget is presented in the County Executive's proposed program, there's been a cost escalation of about \$23 million in other projects. And since the 46 millions appears as a zero in presentation, it would indicate that more than likely incinerator money is going to be used as an offset for other projects.

LEG. HORSLEY:

Just as I thought. Then that being the case, there would be, what, about \$23 million still remaining of the 46?

MS. VIZZINI:

Yes, unless there are other anticipated costs escalations that we're not aware of.

LEG. HORSLEY:

Which there very well may be offsets, jail, whatever it may be, County road programs and all the myriad of things, projects that we'll be working with.

So okay. So what you are saying then is of the 46 that have been allocated for this project, we're now down to 23. And if we were to •• if the County was to put in these incinerators, we would have to what, go back •• we'd have to replace 45 plus 15? No. It would be •• I'm sorry, it would be 20 •• 23 plus 15 would be what we would have to put in the budget next year if were to say, let's put it in the '07 budget?

MS. VIZZINI:

Well, you would have to put the whole thing in the '07 budget. You would move the whole 61 million. What we've recommended is appropriating the 46 now and putting the 14 million in '07.

LEG. HORSLEY:

But in essence, we would have to make up that 23 that we've already spent or allocated against it?

MS. VIZZINI:

It doesn't have to be made up through the incinerator. It could be made up •
•

LEG. HORSLEY:

Elsewhere.

MS. VIZZINI:

Yes.

LEG. HORSLEY:

All right. So what we're saying is we're going to have to come up with additional dollars then what was •• then this 46 million and the 15 for the incinerator.

MS. VIZZINI:

Yes, unless there's a change in the Charter.

LEG. HORSLEY:

What would a change in the Charter mean in your •• please explain that.

MS. VIZZINI:

Well, right now the Charter requires that there be •• anything added to the Capital Program requires an offset unless it's something that is 50% or more aided or there is some source of an emergency. So basically any project that is added to the Capital Program requires an offset of an equal amount. And the philosophy behind that is to mitigate the debt service associated with the bonding.

LEG. HORSLEY:

So are you anticipated the change in the Charter? Does that come about? Is there any question on that?

MS. VIZZINI:

Budget Review has pointed out that the sewer districts do not impact the General Fund debt service. The debt service for sewer districts is addressed in each individual sewer project. So although •• in this case, the incinerator if we •• if the assumption is correct that we did use the 46 million or we need 46 million as an offset, it's not really offsetting the General Fund debt service, because it would be paid out of the sewer district, not out of property taxes for the General Fund. So I've actually suggested that we review why the sewers are also included as needing an offset. For example, if you proceed •

LEG. HORSLEY:

I understand. So what you are saying then is that the offset would be made up by the users of the Southwest Sewer District.

MS. VIZZINI:

The sewer districts have an assessment stabilization reserve fund. They have their own tax stabilization reserve fund referred to as assessment stabilization reserve. As long as sewer district rates increase by 3%, which they have been over the past several years, sewer districts are eligible for transfers from that tax stabilization reserve fund.

LEG. HORSLEY:

How much is in the stabilization reserve fund?

MS. VIZZINI:

There's a fund balance right now of 42 million, and each year, approximately \$27 million in new revenues flow through from sales tax to assessment stabilization reserve.

LEG. HORSLEY:

Okay. That being the case, we've recognized that we're doing a myriad of different projects other than the incinerators. There's additional cost that are going to be incurred. Does that •• how does that fit into the overall budget? Does that call for going to that 3%?

MS. VIZZINI:

What was the end of your question?

LEG. HORSLEY:

Does that •• the number of projects that we are placing in the Southwest Sewer District, the enlargement of the treatment plant and the treatment facilities and things like that, the ultraviolet, etcetera, these are going to have additional costs, are we at the position with just those alone that we would have to go to the reserve fund?

MS. VIZZINI:

Based on the backup material that Public Works provided for the public hearing on the six projects, they did a pretty straight forward analysis. And based on that data, the cost for debt services advancing all those six projects is going to average six to \$9 million additional, kicking in •• you know, depending when the bonds kick in. They use 2006 as the starting point. They have been •• 4.4 million is attributable to the incinerators.

LEG. HORSLEY:

Four point four?

MS. VIZZINI:

Correct. Right. And the plan there is, you know, they are required to explain how this additional expense will be offset. And the plan there is to generate additional revenues from scavenger waste which will probably increase

revenue in 2007 by about 1.7 million and perhaps another increase in 2008 to generate 2.4 million. So that begins to offset.

LEG. HORSLEY:

Those additional projects other than the incinerator.

MS. VIZZINI:

No. This actually pertains to the incinerator. Let's focus down to the incinerator if I may to point out how the tax stabilization kicks in. The incinerators are going to cost the district another 4.4 million. By 2008 we can probably offset at least half of that by the increase in scavenger waste fees. So we're down to 2.2.

You can increase the transfer from the tax stabilization to the district to offset the difference. Now in 2010 •• actually, all the debt services that Southwest pays has been in about the \$40 million area because of the way the debt was structured. In 2009 it will drop, it will plummet from 42 million to 15 million. So that will help also, that their expenditures for debt service will just naturally be reduced. I don't believe that there's any plans to refinance that debt. In 2010 that 15 is a million. So you're really •• once you hit 2009, when a lot of this will hit, the debt service at Southwest is going to go down anyway. So you may have a year or two where you'll have a little bit heftier transfer from assessment stabilization reserve so that the rates don't go up more than 3%.

LEG. HORSLEY:

Thank you very much.

CHAIRMAN SCHNEIDERMAN:

Legislator Lindsay.

P.O. LINDSAY:

Just to weigh in on the issue and to maybe make it a little bit clearer to the audience and Wayne. The money for the incinerator is in this year's budget. The Executive wants to use it in another form. We would have to agree to that in our version of it. So you have it a little bit backwards on where we have to come up •• the money is there now. It's been there for several

years.

LEG. HORSLEY:

I'll well aware of that.

P.O. LINDSAY:

And the sludge treatment facility at Southwest isn't just for Southwest, it's for all our sewer districts County•wide. So the Gail is talking about comes in from tipping fees that the other districts pay into so the whole burden of that project isn't just on Southwest.

LEG. HORSLEY:

I'm aware that 30 to 40% of the scavenger waste •• 30 to 40% at this point in time is what we're receiving as far as total revenues for scavenger waste; is that correct?

MS. VIZZINI;

Forty•eight percent.

LEG. HORSLEY:

Forty•eight percent. I had heard lower, but that's okay. That might be with the increased fees. I'm well aware of that issue that there are contributing factors from elsewhere within the County. However, I'm just concerned about out ratepayers in the Southwest Sewer District, and surely as being part of that sewer district, you share my concerns.

CHAIRMAN SCHNEIDERMAN:

Just a clarification for my own edification, when you're talking about scavenger waste, and we're also talking about revenue, we're also charging fees for sludge •• process sludge from other facilities, right, private sewage treatment facilities?

COMMISSIONER BARTHA:

That's correct. As well as ceptage from homes.

CHAIRMAN SCHNEIDERMAN:

Right. Which is the scavenger waste, which is untreated. Those are the

honey pots, right? So where is those revenues going •• do we •• are you grouping those revenues together?

COMMISSIONER BARTHA:

For the 48%, yes.

CHAIRMAN SCHNEIDERMAN:

Okay. Do you know how much of it is from those scavenger waste versus how much of it is sludge •• processed sludge from other sewage treatment facilities?

COMMISSIONER BARTHA:

Ben Wright probably knows.

CHAIRMAN SCHNEIDERMAN:

Just approximately.

MR. WRIGHT:

The breakdown of what we receive is about a third in waste sludge from all the treatment plants in the County, about a third leachate and then about a third ceptage, which includes everything else, including homes, commercial strip shopping centers.

CHAIRMAN SCHNEIDERMAN:

That's separate from what we get into the sewer district through the connections.

MR. WRIGHT:

Through the pipelines yes.

CHAIRMAN SCHNEIDERMAN:

Bill, are you done?

P.O. LINDSAY:

Done.

LEG. D'AMARO:

Thank you. Just to pick up on the incinerator project. Commissioner Bartha, maybe you could •• because I came in just recently into the Legislature here, the project seems to have already just about completed the design phase, and I think up to a million dollars was already spent doing that. And the Budget Review Office report makes a very strong case for what I call a two •track approach to this incinerator where we should appropriate the \$46 million this year in the event that the privatization option doesn't really pan out or work.

But my question is really, I think, taking a stop backwards. Was there any thought given or was there any type of study done as to whether or not the incinerator method of disposing of this sludge was the best way to do so as opposed to other technologies that may be available? You know, I wasn't, you know, obviously here or privy to that information. I was wondering if DPW did some kind of study to determine that these incinerators had been here, this technology is available, and this is the best way to go not only for •
• based on a cost analysis, but also based on environmental concerns and impact to the surrounding community.

COMMISSIONER BARTHA:

We've researched over the years various alternatives including pelletization, composting, and we are •• we concluded incineration as was originally at the treatment plant was the best way to go. There's a lot of problems identified •
• associated with pelletization; for example, odors associated with that, odors associated with composting.

So the conclusion was that in order to be able to function relatively independently, the incinerator was the best way to go. It's not so much a cost saving measure, the costs are pretty comparable to hauling as we're hauling the sludge right now and having it land filled or even incinerated sometimes, because it's up to the firm that hauling the sludge for us to get rid of it basically in a legal fashion.

CHAIRMAN SCHNEIDERMAN:

Where does it ends up?

COMMISSIONER BARTHA:

In Georgia.

MR. WRIGHT:

Presently •• in 2005, about 50% was railed to Georgia, and the 50% went north, either being burned in Connecticut or land filled in New York and New England.

CHAIRMAN SCHNEIDERMAN:

It seems insane to be railing our sludge to Georgia.

LEG. D'AMARO:

Well, I don't really want to get off the question here. I really am interested to know, you said that we concluded •• you know, how was •• what was that process? How were the alternatives explored?

MR. WRIGHT:

From basically 1998 through 2003 almost, there were two reports done by consultants that we had. We also visited about 15 sites that included, as Charlie indicated, not just incineration •• different methods of incineration, but thermal drying, alkaline stabilization, composting and pelletization and some emerging technologies. And the report that was prepared indicated that alkaline stabilization and incineration were the two preferred based on many criterias, you know, social, environmental and cost effectiveness.

One of our concerns is that the process that we have now is that trucks leave the site, you know, they go to a destination where they're either placed on a rail or •• for disposal or trucked for disposal, and there are a number of issues that can present a problem, either storms that prevent the trucks from leaving, no longer being able to get to a particular rail site. The disposal site no longer ••

LEG. D'AMARO:

You have the same problem with ash disposal though.

MR. WRIGHT:

Well, the ash •• we have an unstabilized sludge. And the problem with that is that it does have odors and we add chemicals to it so that it hopefully

doesn't present an odor until it's disposed of properly. But other facilities that have stabilized sludge have a different situation where there is not an odor situation or a disposal point situation that we have.

So we're concerned also with a contractor either walking a way from the project, you know, or not being able to dispose of it properly, having it build up on the site. So, you know, our concern was that we have control over what happens, and the incinerator gives us that control.

LEG. D'AMARO:

I agree we need control, and that's the big policy picture here, not to be dependent on the uncertainties and the cost of shipping. But if you visited 15 other sites and some of them had alternate technology in place, why does that alternate technology work in these other sites, but not here at the Bergen Point facility?

MR. WRIGHT:

They had stabilized sludge basically. And that was one of the options we looked at, how do you stabilize the sludge on-site? One way is anaerobic digestion, which most facilities have. And there are two methods of doing that; the conventional which would require ten at least 100 foot diameter tanks, ten foot high •• 40 foot high. It looked like basically, a Northville facility. The newer technology is egg-shaped digestors, which are about 140 feet tall. So, you know, those issues didn't seem to be something that we would recommend addressing. And you'd still be required to dispose of the stabilized sludge that you have. It does reduce it somewhat, you know, maybe by 30% or so you have smaller quantities, but you still have to get rid of it.

The odors that were prevalent in many of the facilities, you can deal with. You have to encapsulate it properly. We've had odor problems at Bergen Point in the past, you know, 15 or more years ago when we developed and odor control program and eliminated some processes. You know, but those are still things that we have in our mind, and heating up sludge is just not something that we recommended.

LEG. D'AMARO:

What environmental standards does the incinerator have to comply with; state, federal, both?

MR. WRIGHT:

Both. Both. There's a Title 5 permit that we have actually submitted an application for. And it doesn't just include the incinerators, it includes boilers that on the site, open process tanks, odor control scrubbers, etcetera. So we did submit that application back in the end of January, have not received a permit yet for it, but it's based on fluidized bed incinerators.

LEG. D'AMARO:

Thank you. I appreciate it.

LEG. HORSLEY:

Just a quick question. Anaerobic digestion, this would be the same process that's done in Nassau County?

MR. WRIGHT:

Yes.

LEG. HORSLEY:

City of New York?

MR. WRIGHT:

Yes.

LEG. HORSLEY:

So that's something that obviously we haven't fully explored. You're saying •
• I see the size and the dimensions and things like that, does that have to be in this particular location, anaerobic digestion?

MR. WRIGHT:

If it wasn't, then it would be the same situation with trucking either liquid or unstabilized sludge cake to that location. So it could be some place else, but there would be, you know, some loss of control.

CHAIRMAN SCHNEIDERMAN:

There's a new technology, I don't know if it would have application here, it's a closed•system, nonpolluting that converts waste to diesel, _pyrolysis_ , I don't know if you've heard of it, is that something you have looked at? It's done in other countries, it's not done here.

MR. WRIGHT:

I know that as part of the emerging technologies that were looked at, it may have only had a sentence or two in a report, you know, four years ago, but I know the conversion of, you know, grease to bio diesel is something that's being talked about. And you know, the private sector is basically looking at that the area.

CHAIRMAN SCHNEIDERMAN:

We may not have the volumes to support it, but if you combined it with some of the waste that's leaving •• the MSW that's leaving Long Island, you might reach the volumes that •• you know, to effectively run a _pyrolysis_ operations.

MR. WRIGHT:

I can't answer that except that we have talked to Hempstead in the past about taking our waste and we've tried burning sludge •• the cake that we have in Babylon a few years ago. That didn't work out, but it may be a different issue with what you're suggesting.

CHAIRMAN SCHNEIDERMAN:

Gail, since that was budgeted for this year, when you speak of the budgeting for the incinerator, you're talking about the budgeting for the debt service for the borrowing on the incinerator?

MS. VIZZINI:

That was in response to Legislator Horsley's question as to how it would impact the district. So it will impact the district's operating budget when they borrow. The County will not be paying the debt service on the incinerator.

CHAIRMAN SCHNEIDERMAN:

The \$46 million that's in this year's budget, it's within that district, and is it actually 46 million or is it just the debt service on the 46 million?

MS. VIZZINI:

There's 46 million to be bonded in the 2006 adopted.

CHAIRMAN SCHNEIDERMAN:

Right. So it's the debt service on the •• is there debt service in the first year? There probably is, right?

MS. VIZZINI:

Usually not until the •• depending on when they go to bond. Usually the second year.

CHAIRMAN SCHNEIDERMAN:

You go short and then long.

MS. VIZZINI:

I think the first year is actually a little bit higher, but the average is 4.4 million annually.

CHAIRMAN SCHNEIDERMAN:

Any other questions on incinerators? Any other question in general? Let me say once again, congratulations to BRO for an excellent report, very thorough as always. You've done great work here. If there are no other questions from the audience or from Legislators, we then will include this public hearing. I know there will be more to follow. Thank you all for coming. We are adjourned.

(* THE MEETING WAS ADJOURNED AT 10:46 A.M.*)

_ _ DENOTES BEING SPELLED PHONETICALLY